WEEKLY ECONOMIC REVIEW

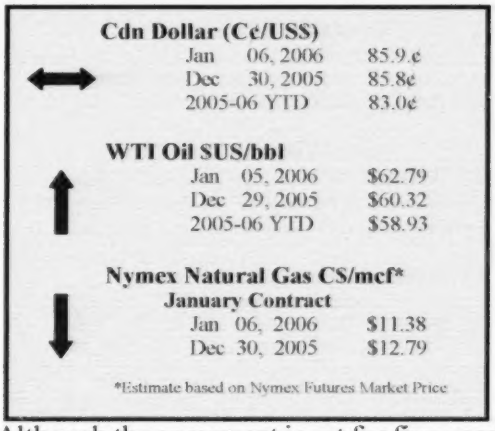
January 6, 2006

The Canadian economy created 227,600 jobs in 2005, all full-time positions. In Alberta, employment increased by 28,500 jobs in 2005, for growth of 1.6 per cent and inline with Alberta Finance's employment forecast. Alberta's annual unemployment rate of 3.9 per cent remained the lowest among provinces.

The U.S. economy created over 2 million jobs in 2005, for growth of 1.6 per cent.

China announced it would allow over-the-counter trading in the Yuan this week, as well as market trading around a central parity rate against the euro, dollar, yen and Hong Kong dollar. Although the Yuan's trading bands against the currencies will remain unchanged, it is nonetheless a positive step closer to a free floating Yuan.

After Russia cut off natural gas supplies to the Ukraine (a key transit state for gas to Europe) for two days, an agreement was reached between the two countries on the price of natural gas in lieu of pipeline transit fees this week. Fears of gas shortages across Europe were dissolved as the Ukraine agreed to pay Russia almost double the cost of natural gas from last year, half of the initial increase Russia was demanding.



Although the agreement is set for five years, markets expect a change of events once the North European Gas Pipeline is completed, giving Russia the option to avoid shipping European gas through the Ukraine.

Oil prices rose this week as U.S. crude stocks declined and geopolitical uncertainties (Russia/Ukraine gas dispute, forced renationalizing of privately operated oilfields in Venezuela and continued tensions in Iraq and Israel) intensified.

Alberta's energy sector capped off a record year of activity, with rigs drilling up 15.3 per cent in 2005.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Rigs Drilling	**December**			
Alberta	523	6.7%	11.2%	15.3%
Industrial Product Price Index (1997=100)	**November**			
Canada	111.3	-0.6%	2.9%	1.4%
Raw Materials Price Index (1997=100)	**November**			
Canada	147.9	-1.7%	12.1%	12.4%
Employment (December)	**Monthly Change**			
Alberta	5,600	0.3%	1.8%	1.6%
Canada	-2,100	0.0%	1.4%	1.4%
United States	108,000	0.1%	1.5%	1.6%

Source: Statistics Canada and U.S. Bureau of Labor Statistics

[1]Year-to-date 2005 compared to the same time period in 2004. For example: January-November 2005 versus January-November 2004